

Frequently Asked Questions – Flagstaff Community Land Trust Program

What is Flagstaff Community Land Trust Program?

The Flagstaff Community Land Trust is a housing program of the City of Flagstaff. It is used as a tool to help provide housing for Flagstaff's workforce; who, in recent years, have not had the opportunity to own a home. The program is designed to help first-time homebuyers by reducing the cost of housing. The long-term affordability of the unit is maintained because the homeowner accepts less equity creation in exchange for the assistance in buying a home. The homebuyer only purchases the house and improvements and then leases the land from the City with a 99 year renewable lease.

How does Community Land Trust Program Homeownership compare to other homeownership?

Land Trust homeownership is very similar to market homeownership except that the land that Flagstaff Community Land Trust homes are on is owned by the City of Flagstaff. This does create a restricted possible sales price and other very minor limitations on property use.

What is the same as traditional market-based homeownership?

- Homeowner must acquire financing through credible lenders.
- Homeowner accumulates equity.
- Home can be inherited.
- Homeowner pays all taxes, insurance & fees.
- Homeowners can make alterations and improvements.
- Homeowner has guaranteed long-term control of the land and improvements.
- Homeowner is responsible for maintenance.
- Homeowner receives virtually all benefits and responsibilities of homeownership.

What is different from traditional market-based homeownership?

- The City retains ownership of the land in order to preserve the affordability long term.
- A small ground lease fee is paid to the City on a monthly basis.
- The amount the home can be sold for is not equal to its value in the open market

Who can apply for a Community Land Trust Program Unit?

To be eligible for this program you must:

- Have at least 18 years of age.
- Must be a citizen of the USA or a registered alien.
- Must meet Income Eligibility guidelines
- Must be a resident of the Flagstaff area or have employment commitments in the community
- Must have sufficient income to qualify for the unit without being housing cost burdened (assistance programs are allowed to defray costs)

Maximum Income – Household must have an annual income which does not exceed 150% of the Area Median Income (AMI) for Flagstaff, Arizona. 150% AMI is adjusted according to household size. Some housing units will have additional income restrictions.

No. of Household Members	Maximum Income 150% AMI
1	\$56,900.00
2	\$65,050.00
3	\$73,200.00
4	\$81,300.00
5	\$87,800.00
6	\$94,300.00
7	\$100,800.00
8	\$107,300.00

Minimum Income

Household's monthly income, when multiplied by the appropriate debt-to-income ratio, must be sufficient to support the housing costs for the housing opportunity in question. Households that require a cosigner to obtain a mortgage will not be considered.

- The household's financial resources and circumstances should clearly indicate a limited ability to compete in the conventional housing market of Flagstaff. Also the combination of the household's assets may not exceed 150% of the Flagstaff AMI.
- The monthly payment of the unit must not exceed 33% of the household income for that month.
- Must reside and hold employment in Flagstaff Metropolitan Planning Organization (FMPO) boundary.
- Applicants must not have owned a home within the FMPO boundary within the last three years.
- Households must have proof of history of fulfilling financial responsibilities, and must obtain mortgage pre-qualification and present it with the application.
- Applicants must complete City of Flagstaff Land Trust Program Orientation Workshop and are encouraged to complete homebuyer education through one of the local providers.

What constitutes a household?

- A household constitutes the number of persons living in the home regardless of marital or legal status.
- Gross income from all household members shall be considered in determining compliance with income eligibility requirements.

How does the ground lease work?

As an owner of the unit you will have the ability to renew your lease for up to 99 years.

The lease includes the following provisions:

- The use of the land is limited to residential purposes
- Uses of the land must be in compliance with all laws
- Unit must be occupied by the owner of the Land Trust Unit
- Lessee must pay annual ground lease fee
- prohibit liens from being filed against the land
- Lessee is responsible for all maintenance and services
- Lessee must obtain and maintain casualty and liability insurance
- City reserves the right of first refusal regarding purchase of the improvements
- Provide a mediation and arbitration process
- Limit the resale of home to eligible buyers
- Dictate the resale price of the improvements shall be determined through the resale formula below.